

Memorandum

To: CHAIR AND COMMISSIONERS

CTC Meeting: March 14-15, 2007

Reference No.: 2.5e.
Action Item

From: CINDY McKIM
Chief Financial Officer

Prepared by: Rachel Falsetti
Acting Division Chief
Transportation Programming

Subject: **ALLOCATION FOR SUPPLEMENTAL FUNDS FOR PREVIOUSLY VOTED PROJECTS
RESOLUTION FA-06-13**

RECOMMENDATION:

The Department of Transportation (Department) recommends that the California Transportation Commission (Commission) approve Resolution FA-06-13, allocating an additional \$710,000 for one State Transportation Improvement Program (STIP) project identified below.

ISSUE:

Additional funds are needed for a previously approved project in order to award the construction contract.

RESOLUTION:

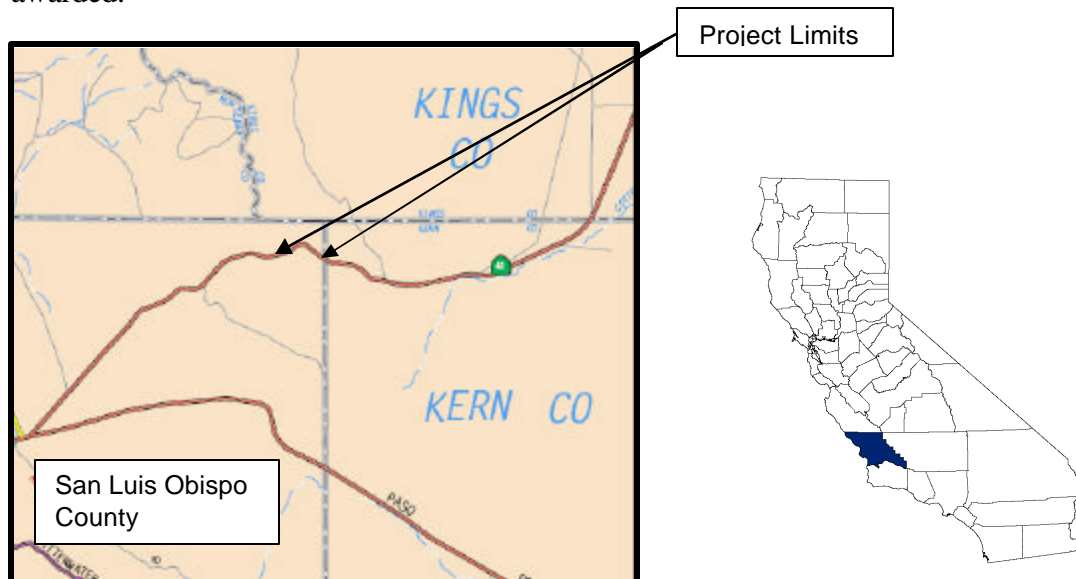
Resolved, that \$710,000 be allocated from the Budget Act of 2006, Non-Budget Act Item 2660-801-3093, to provide additional funds for the project identified below.

<u>Project</u>	<u>Dist-Co-Rte</u>	<u>Original Vote/G11 Amount</u>	<u>Original Award Amount</u>	<u>Current Allocation</u>	<u>Allocation Adjustment</u>	<u>Revised Allocation</u>	<u>% Increase Above Current Allocation</u>
1	05-SLO-41	\$2,914,000	N/A	\$2,914,000	\$710,000	\$3,624,000	24.4%

Project # Allocation Amount Recipient County Dist-Co-Rte Postmile	Location Project Description Reason for Supplemental Funds	EA PPNO Budget Year Prgm Codes Program	State Federal Current Budget Amount	State Federal Additional Allocation	State Federal Revised Total Amount
2.5e. Supplemental Funds for Previously Voted Projects					Resolution FA-06-13
1 \$710,000 Department of Transportation SLOCOG San Luis Obispo 05S-SLO-41 49.7/50.4	Near Cholame, on Route 41 from east of the Route 41/46 Junction to east of San Luis Obispo County line (Kern County PM 0.0/1.3). Construct westbound truck climbing lane. Supplemental funds are needed to award the contract.	452601 05-0452 RIP / 05-06 801-3093 20.20.075.600 IIP / 05-06 801-3093 20.20.025.700 RIP / 06-07 801-3093 20.20.075.600 IIP / 06-07 801-3093 20.20.025.700	\$582,000 \$2,332,000 - -	 \$142,000 \$568,000	\$582,000 \$2,332,000 \$142,000 \$568,000 \$2,914,000 \$710,000 \$3,624,000

RECOMMENDATION:

The Department recommends that this request for \$710,000 be approved to allow this project to be awarded.

**PROJECT DESCRIPTION:**

The project is located on Route 41 in San Luis Obispo County, about 12.4 miles south of Kettleman City, from 0.7 miles south of the San Luis Obispo/Kern County line to the San Luis Obispo/Kern County line. The project is to construct a climbing lane with new outside shoulders.

FUNDING STATUS:

The project was programmed in the 2006 STIP and was voted for \$2,914,000 at the September 2006 Commission meeting. Bids for this project were opened on January 17, 2007. There were eight bids, and the lowest bid was 25.6 percent over the Engineer's Estimate. The amount needed to award, based on the lowest responsible bidder, is \$3,624,000. This request for \$710,000 in supplemental funds results in an overall increase of 24.4 percent over the original vote amount. This project will be awarded upon approval of this supplemental funds request.

Vote Date	No. of Plan Holders	Bid Opening Date	No. of Bidders	Vote Amount	Amount needed to Award	% Over Vote Amount
09/2006	15	1/17/07	8	\$2,914,000	\$3,624,000	24.4%

REASONS FOR COST INCREASE:

The Department performed a bid analysis to determine all significant differences between the Engineer's Estimate and that of contract bid items. Most of the cost increases are associated with traffic control, roadway excavation, and structural concrete (retaining wall). Although the Department used current cost data from large adjacent projects, the assumptions made from that data did not cover the level of effort the bidding contractors associated for those three items of work. This resulted in the low bid containing costs higher than anticipated. The Department feels that good uniform bid results were achieved with the eight bidders. Additional supplemental funds are needed in order to award this project.

FUNDING OPTIONS

OPTION A: Approve this request for supplemental funds, as presented above, for \$710,000 to allow this project to be awarded.

OPTION B: Deny this request, direct the Department to revise the project to remain within the allocated amount and re-advertise the project. The Department has considered this option and determined that reducing the scope of work on this project, and executing another project to complete the deleted work later, would result in greater costs and more disruption to the traveling public.

OPTION C: Deny this request, direct the Department to reject all bids and reprogram this project in a future funding cycle of the STIP. The Department has considered this option and determined that construction costs will continue to escalate and this option would delay the project.

RECOMMENDED OPTION

The Department recommends that this request of \$710,000, as presented in Option A above, be approved to allow this project to be awarded.